

More than 87.1 percent of Oregon small businesses with fewer than 25 employees will be eligible this year for tax credits to help pay the cost of employee health coverage, according to the small business advocacy group Small Business Majority. In Oregon, this means 67,100 small businesses will qualify, putting thousands of dollars back in the pockets of small business owners. Nationwide, almost 4 million small businesses will qualify.

Eligibility Rules

- **Providing health care coverage.** A qualifying employer must cover at least 50 percent of the cost of health care coverage for some of its workers based on the single rate.
- **Firm size.** A qualifying employer must have less than the equivalent of 25 full-time workers (for example, an employer with fewer than 50 half-time workers may be eligible).
- **Average annual wage.** A qualifying employer must pay average annual wages below \$50,000.
- **Both taxable (for profit) and tax-exempt firms qualify.**

Amount of Credit

- **Maximum Amount.** The credit is worth up to 35 percent of a small business' premium costs in 2010 (25% for tax-exempt employers). On Jan. 1, 2014, this rate increases to 50 percent (35 percent for tax-exempt employers).

Phase-out. The credit phases out gradually for firms with average wages between \$25,000 and \$50,000 and for firms with the equivalent of between 10 and 25 full-time workers.

More information can be found at the [Small Business Health Care Tax Credit for Small Employers](#) page at IRS.gov